

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
JACKSON DIVISION**

In re:

PREVALENCE HEALTH, LLC
Debtor

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**CASE NO. 09-02016-ee
Chapter 11**

REPORT OF SALE

This Report of Sale is filed by Prevalence Health, LLC, the Debtor herein, to reflect the consummation and the details of that certain sale of assets of the Debtor approved by and pursuant to the *Order Granting Debtor's Motion to Approve Sale of Assets Free and Clear of Liens, Claims and Interests and Assumption and Assignment of Executory Contracts*, entered by this Court on September 21, 2009 [Dkt. # 127]. The details of the consummation of the sale and the consideration paid for the Assets transferred are more fully reflected in the Closing Statement, a copy of which is attached as Exhibit "A" hereto.

THIS, the 8th day of October, 2009.

Respectfully submitted,

PREVALENCE HEALTH, LLC

By: s/ Stephen W. Rosenblatt

Stephen W. Rosenblatt (MS Bar No. 5676)
Paul M. Ellis (MS Bar No. 102259)

ATTORNEYS FOR DEBTOR

OF COUNSEL:

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC
17th Floor, Regions Plaza (39201)
Post Office Box 22567
Jackson, MS 39225-2567
Telephone: (601) 948-5711
Fax: (601) 985-4500
Email: steve.rosenblatt@butlersnow.com
Email: paul.ellis@butlersnow.com

CERTIFICATE OF SERVICE

I certify that this pleading was filed electronically through the Court's ECF system and served electronically on all parties enlisted to receive service electronically, including:

Ronald H. McAlpin, Esq. (MB No. 2182)
Trial Attorney, Office of the U.S. Trustee
A. H. McCoy Federal Building, Suite 706
100 W. Capitol Street
Jackson, MS 39269
Ronald.McAlpin@USDOJ.gov

and by electronic mail to the members of the Official Committee of Unsecured Creditors:

Mr. Phillip Theodore
A&I Solutions, LLC
256 Seaboard Lane
Franklin, TN 37067
ptheodore@aandisolutions.com

Morton R. Branzburg, Esq.
AmerisourceBergen Drug Company
260 S. Broad Street
Philadelphia, PA 19102
mbranzburg@klehr.com

Mr. Brian T. O'Neill
DDP Medical Diamond Diabetic Products
11800 28th Street
Saint Petersburg, FL 33716
brain@ddpmedical.com

Mr. Alan H. Walters
First Commercial Bank
1300 Meadowbrook Rd.
Jackson, MS 39211
aawalters@firstcommercialbk.com

Mr. James G. Lang
Hamilton Partners, Inc.
300 Park Boulevard, Suite 500
Itasca, IL 60143
jl@hpre.com

SO CERTIFIED, this the 8th day of October, 2009.

/s/ Stephen W. Rosenblatt
STEPHEN W. ROSENBLATT

Jackson 4456175v1

CLOSING STATEMENT

DATE: October 5, 2009, but effective as of October 1, 2009*

SELLER: Prevalence Health, L.L.C., an Illinois limited liability company (the "Seller")

PURCHASER: SafeMeds Solutions LLC, a Mississippi limited liability company (the "Purchaser")

PROPERTY: The "Purchased Assets" as defined in the Asset Purchase Agreement, between Seller and Purchaser, dated September 16, 2009 (as amended, the "APA")

PURCHASE PRICE:

Purchase Price	\$ 284,794.87
Inventory Component (77% of \$384,500 Less Cost of Lous. Medicaid Sales on 10/1 and 10/2/09)	\$ 522,500.00
Fixed Price	\$ 807,294.87
TOTAL	\$ 807,294.87

PURCHASER'S CLOSING COSTS AND ADJUSTMENTS:

Purchaser's Attorney's Fees	P.O.C.
Cure payments on assumed telephone equipment and server leases.**	P.O.C.
Plus Prorated Rents (See Schedule "A")	\$ 29,799.07
Less Seller's Prorated Personal Property Taxes (See Schedule "B")	\$ (23,966.08)
Plus Prorated Utilities (See Schedule "C")	\$ 6,776.95
Plus Employee Severance Pay & Accrued PTO***	\$ 13,830.88
Plus Reimburse employee salaries & payroll taxes 10/1 through 10/4/09	\$ 8,219.86
Plus Reimburse salaries & payroll taxes 10/5 & 10/6/09 for employees not hired	\$ 1,638.88
Plus Inventory purchased 10/1 & 10/2	\$ 99,320.36
TOTAL	\$ 135,619.93

ADJUSTED PURCHASE PRICE:

Total Purchase Price Due at Closing	\$ 807,294.87
Plus Purchaser's Closing Costs	\$ 135,619.93
TOTAL	\$ 942,914.80

SELLER'S CLOSING COSTS:

Seller's Attorney's Fees	P.O.C.
Plus Commission and Expenses to Pharmacy Consulting Associates	\$ 8,846.77
TOTAL	\$ 8,846.77

CASH DUE FROM PURCHASER AT CLOSING:

Adjusted Purchase Price	\$ 942,914.80
Less Deposit held in Escrow	\$ (50,000.00)
TOTAL	\$ 892,914.80

CASH DUE TO SELLER AT CLOSING:

Adjusted Purchase Price	\$ 942,914.80
Less Seller's Closing Costs	\$ (8,846.77)
TOTAL	\$ 934,068.03

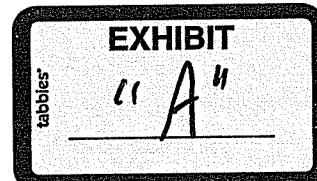
* October 1, 2009, is the effective date for the sale of all Purchased Assets other than Louisiana Medicaid prescription files which shall be deemed sold to Purchaser as of October 5, 2009.

** Cure payments totalling \$2,729.59 are to be paid by Purchaser directly to the lessors of the assumed leases.

***Seller agrees that the amount designated above as "Employee Severance Pay & PTO" is to be held in trust by Seller and to be used for the payment of severance and accrued Paid Time Off to certain of Seller's employees who will not be hired by Purchaser.

Initial: Seller: hff

Purchaser: WMM



RECEIPTS:

1. From Proceeds of English Garden, LLC Loan to Purchaser	\$ 892,914.80
2. From Escrow Deposit with Butler, Snow, O'Mara, Stevens & Cannada, PLLC	\$ 50,000.00
TOTAL	\$ 942,914.80

DISBURSEMENTS:

1. Prevalence Health, LLC - Seller's Net Purchase Price Proceeds plus amounts to be held in trust as described herein.	\$ 934,068.03
2. Pharmacy Consulting Associates - Commission and Expenses	\$ 8,846.77
TOTAL	\$ 942,914.80

Test Difference \$ -

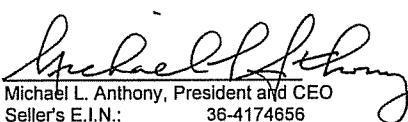
The undersigned hereby approve and acknowledge that this is a true and correct closing statement (subject to post closing inventory verification and disbursement from escrow) and authorize disbursements in accordance herewith. Each party certifies to the other parties and attorneys that the Federal Employer Identification Number listed herein for such party is accurate. Any initially capitalized term used, but not otherwise defined, in this closing statement shall have the meaning ascribed to such term in the APA.

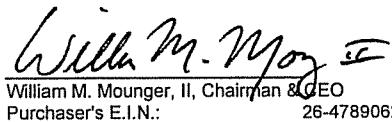
SELLER:

PREVALENCE HEALTH, L.L.C.

PURCHASER:

SAFEMEDS SOLUTIONS LLC

By: 
Michael L. Anthony, President and CEO
Seller's E.I.N.: 36-4174656

By: 
William M. Mounger, II, Chairman & CEO
Purchaser's E.I.N.: 26-4789062

Schedule "A"
Prorated Rent

October Rent (10/01/09 - 10/31/09)	
Jackson, Mississippi	\$ 8,000.00
Zachary, Louisiana	\$ 7,737.50
Davie, Florida	\$ 11,332.42
	<u>\$ 27,069.92</u>

Sun MicroSystems Server Lease
Monthly Rent of \$1579.00 (31 days @ \$50.94 per day) \$ 1,579.00

Phone Equipment (10/01/09 - 10/31/09)
Monthly Rent of \$1,150.15 (31 days @ 37.10 per day) \$ 1,150.15

Total Prorated and Prepaid Rents paid by Purchaser: \$ 29,799.07

Schedule "B"
Prorated Personal Property Taxes Assumed by Purchaser*

Jackson, Mississippi Seller does not pay personal property taxes in Mississippi.

Zachary, Louisiana	
2008 Parish of East Baton Rouge - Personal Property Tax Assessments	\$ 31,017.14
Daily Rate - 365 Days	\$ 84.98
Days Property Owned by Seller (01-01-09 to 09-30-09)	273
Days Property Owned by Purchaser (10-01-09 to 12-31-09)	92
 Seller's Share of Taxes:	\$ 23,199.12
Purchaser's Share of Taxes:	\$ 7,818.02

Davie, Florida	
2008 Broward County, FL - Personal Property Tax Assessments	\$ 1,025.42
Daily Rate - 365 Days	\$ 2.81
Days Property Owned by Seller (01-01-09 to 09-30-09)	273
Days Property Owned by Purchaser (10-01-09 to 12-31-09)	92
 Seller's Share of Taxes:	\$ 766.96
Purchaser's Share of Taxes:	\$ 258.46
 Seller's Total Share of Taxes:	\$ 23,966.08
Purchaser's Total Share of Taxes:	\$ 8,076.48

* The above amounts are estimated based on the prior years assessments. Seller and Purchaser agree that no further adjustments shall be made and that Purchaser shall pay the Personal Property Tax Assessments when due.

Initial: Seller: hlf Purchaser: WMM

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Schedule "C"
Prorated Utilities*

	Billing Cycle	Days	Avg Monthly Expense	Avg Daily Expense	Purchaser's Share of Utilities
Jackson, Mississippi					
None	NA	0	\$ -	\$ -	\$0.00
Zachary, Louisiana					
Electricity	Monthly	31	\$ 567.00	\$ 18.29	\$567.00
Water	Monthly	31	\$ 9.81	\$ 0.32	\$9.81
Gas	Monthly	31	\$ 19.94	\$ 0.64	\$19.94
Security	Monthly	31	\$ 85.86	\$ 2.77	\$85.86
Davie, Florida					
Electricity	x/19 to x/18	18	\$ 1,833.32	\$ 59.14	\$1,064.51
Security	Monthly	31	\$ 26.48	\$ 0.85	\$26.48
Phone/Network Services					
AT&T - Florida 1809	x/11 - x/10	10	\$ 876.77	\$ 28.28	\$282.83
AT&T - Florida 1802	x/28 to x/27	27	\$ 124.96	\$ 4.03	\$108.84
AT&T 0592	x/29 to x/28	28	\$ 643.51	\$ 20.76	\$581.23
AT&T ABN Account	x/19 to x/18	18	\$ 1,004.80	\$ 32.41	\$583.43
Sprint	Period ending x/26	26	\$ 2,820.65	\$ 90.99	\$2,365.71
AT&T 0465	x/11 to x/10	10	\$ 1,772.48	\$ 57.18	\$571.77
AT&T 1806	x/28 to x/27	27	\$ 21.74	\$ 0.70	\$18.93
Global Crossing	Monthly	31	\$ 490.61	\$ 15.83	\$490.61
				Total:	\$6,776.95

* The above amount reflects a credit to Seller for Purchaser's use of the utilities currently in the name of Seller. If Purchaser elects to not transfer the utilities into Purchaser's own name, Purchaser agrees to pay the next regularly scheduled utility bill in full on or before it's due date.

Initial: Seller: hlf

Purchaser: WMM